



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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June 02, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 June 16, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

**APPROVE THE INTRODUCTION AND SCHEDULE FOR ADOPTION AN
ORDINANCE TO AMEND THE EXISTING WATER PIPELINE FRANCHISE
GRANTED TO SOUTHERN CALIFORNIA WATER COMPANY
NOW KNOWN AS GOLDEN STATE WATER COMPANY
(FIRST, SECOND, FOURTH, AND FIFTH DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of these recommendations will introduce and schedule for adoption an ordinance to amend the existing water pipeline franchise granted to Southern California Water Company, now known as Golden State Water Company.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.
2. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on June 9, 2015, an ordinance to amend the water pipeline franchise granted to Southern California Water Company by Ordinance No. 90-0144F, as amended, to reflect a company name change to Golden State Water Company; to extend the term of the franchise to December 31, 2018; and to clarify the exclusion of the transportation of hazardous substances.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of these recommended actions is for the County of Los Angeles (County) to introduce and schedule for adoption an ordinance to amend the water pipeline franchise granted to Southern California Water Company (SoCal-Water), by Ordinance No. 90-0144F, as amended, to reflect a company name change to Golden State Water Company (GS-Water); to extend the term of the franchise to December 31, 2018; and to clarify the exclusion of the transportation of hazardous substances.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. To introduce and schedule for adoption an ordinance to amend the GS-Water water pipeline franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

GS-Water has paid the County a one-time fee of \$5,000 to process an ordinance to amend the franchise. As a California public utility, GS-Water will continue to pay an annual franchise fee of 2 percent of the gross annual receipts from the use, operation or possession of the franchise, but not less than 1 percent of the gross annual receipts from the sale of water in the unincorporated areas of the County. During the 2014 calendar year, GS-Water reported over \$50.99 million from the sale of water in the franchise area and paid the County an annual franchise fee of \$559,084.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 27, 1990, the Board of Supervisors adopted Ordinance No. 90-0144F, as amended, granting a 25-year water pipeline franchise to SoCal-Water, which became operative retroactively on August 13, 1990, and will expire on August 12, 2015. By amendment to its articles of incorporation filed in October 2005, SoCal-Water changed its name to GS-Water, and to reflect this name change, the franchise was amended administratively in December 2005 with an administrative consent letter.

Incorporated in 1929, SoCal-Water, now GS-Water, is a wholly-owned subsidiary of American States Water Company (AS-Water). AS-Water operates three business segments, water and electric conducted through GS-Water, and contracted services conducted through other subsidiaries. GS-Water distributes water in 75 communities in 10 counties in California, and provides electric service to the City of Big Bear Lake and surrounding area through its Bear Valley Electric Service Division.

At the close of the 2014 calendar year, GS-Water reported it serves 258,191 water customers and 23,716 electric customers for a total of 281,907 customers. In the unincorporated areas of the County, GS-Water operates 11 water systems that distribute water to 25 communities.

Extending the term of the GS-Water franchise to December 31, 2018 will avoid the expiration of the franchise on August 12, 2015, and allow additional time for the Chief Executive Office (CEO) and County Counsel to obtain Board of Supervisors' approval of the proposed updates to the County's franchise regulations contained in the County Highway Code (Title 16), prior to granting GS-Water a longer-term franchise.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

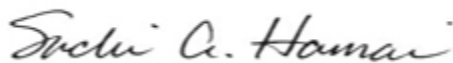
IMPACT ON CURRENT SERVICES (OR PROJECTS)

This project will not impact or negatively affect current services or future projects. The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinance to amend the GS-Water franchise.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return a conformed copy of this adopted recommendation and the certified ordinance to: Mr. Patrick Scanlon, Vice President of Water Operations, Golden State Water Company, 1920 West Corporate Way, Anaheim, CA 92801, and the offices of the Department of Public Works and the CEO, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Public Works